



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

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April 29, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**BUDGET ADJUSTMENT TO THE DEPARTMENT OF HEALTH SERVICES'
SOUTHWEST AREA FISCAL YEAR 2003-04 BUDGET
(2nd District) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the attached Request for Appropriation Adjustment to the Department of Health Services' Southwest Area Fiscal Year 2003-04 Adjusted Adopted Budget to reflect various realignments in the Martin Luther King, Jr./Drew Medical Center (KDMC) operating plan.

PURPOSE OF RECOMMENDED ACTION:

Approval of this budget adjustment will align the Department of Health Services' (DHS') Southwest Area budget to reflect actual and projected expenditures for Fiscal Year 2003-04.

JUSTIFICATION:

On September 16, 2003, the Board adopted the Fiscal Year 2003-04 Final County Budget. As we approach the end of the fiscal year, the estimated expenditures in certain appropriation categories have varied from Southwest Area Fiscal Year 2003-04 Final Budget.

In order to meet the current patient workload, the Southwest Area's use of Services and Supplies (S&S) registry contracts increased, especially for Nursing and Anesthesiology, due to hiring delays in recruiting positions designated as hard-to-recruit classifications. Additionally, various Nursing contract rates increased in Fiscal Year 2003-04. Therefore, surplus from Salaries and Employee Benefits (S&EB) will be realigned to S&S to cover these operational changes.

As a separate issue and pursuant to the Memorandum of Understanding between the County and the Joint Council of Interns & Residents, KDMC designates appropriation in the Fixed Assets and Other Charges

The Honorable Board of Supervisors
April 29, 2004
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(LAC/CAL) categories for the JCIR Quality Patient Care Fund, established for improved quality of patient care at KDMC. After consultation with KDMC management, and at the discretion of the JCIR, the JCIR is entitled to purchase various Fixed Asset, LAC/CAL or S&S equipment items as appropriate. A significant portion of the equipment that the Joint Council of Interns and Residents (JCIR) currently requires will be purchased under S&S. Since the appropriation for the equipment is currently budgeted in Fixed Assets and Other Charges (LAC/CAL), funding will be realigned from Fixed Assets and Other Charges (LAC/CAL).

As a result of the above operational changes, a Budget Adjustment is required.

FISCAL IMPACT/FINANCING:

The Department is requesting to increase the budgeted appropriations for S&S in the amount of \$8.3 million, funded by a decrease in S&EB appropriations in the amount of \$7.95 million, a decrease in Fixed Assets appropriation in the amount of \$100,000 and Other Charges (LAC-CAL) appropriation in the amount of \$250,000.

This budget adjustment is funded from within the Southwest Area's existing resources and does not increase net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Department continues its commitment to properly align the budget in accordance with annual funding needs, and continues to determine where savings can be achieved on an on-going basis.

CONTRACTING PROCESS:

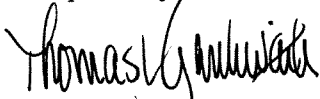
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Not applicable.

When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:mn

(M:\BAS\COMBO02bx.WPD)

Attachment (1)

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
Auditor-Controller

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENTDEPT'S.
No.

DEPARTMENT OF Health Services

April 28, 2004

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

3-VOTE

SOURCES:

Southwest Cluster (MLK/D Medical Center)

Salary and Employee Benefits

MN5-HK-60030-1000 \$7,950,000

Southwest Cluster (MLK/D Medical Center)

Other Charges (LAC/CAL)

MN5-HK-60030-5500 250,000

Southwest Cluster (MLK/D Medical Center)

Fixed Assets

MN5-HK-60030-6030 100,000

TOTAL: \$8,300,000

USES:

Southwest Cluster (MLK/D Medical Center)

Services and Supplies

MN5-HK-60030-2000 \$8,300,000

TOTAL: \$8,300,000

Justification:

The Department is requesting to increase the budgeted appropriations for S&S in the amount of \$8,300,000, funded by a decrease in S&EB appropriations in the amount of \$7,950,000, a decrease in Fixed Assets appropriations in the amount of \$100,000 and a decrease in Other Charges (LAC/CAL) in the amount of \$250,000. The surplus in S&EB is due to difficulty in recruiting positions that are designated as hard-to-recruit classifications. The S&S deficit is due to the use of registry for Nursing and Anesthesiology. Additionally, various contract rates increased in Fiscal Year 2003-04. Therefore, surplus from S&EB will be realigned to S&S to cover these operational changes.

EM:ty
04/28/04

Efrain Munoz, Chief

CHIEF ADMINISTRATIVE OFFICER'S REPORT

DHS-Controller's Division

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER FOR—

ACTION

RECOMMENDATION

APPROVED AS REQUESTED

AS REVISED

April 29, 2004

DANIEL E. JANSSEN
CHIEF ADMINISTRATIVE OFFICERAPPROVED (AS REVISED):
BOARD OF SUPERVISORS

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AUDITOR-CONTROLLER BY

Heidi Jung
APRIL 29, 2004

No. 282

BY

DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER